

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

No. C 06-05503 WHA

IN RE ZORAN CORPORATION  
DERIVATIVE LITIGATION

**FURTHER REQUEST FOR  
INFORMATION**

\_\_\_\_\_  
This document relates to:

All Actions

\_\_\_\_\_ /

In addition to the information previously requested, counsel for all parties should address the following in their submissions:

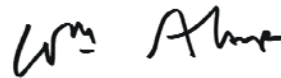
- How would the proposed repricing and cancellation of options be treated on Zoran's re-stated financial statements?
- Counsel should provide any and all known literature and case law that discusses how re-pricings and cancellations of the type proposed would result in value to Zoran.
- How does the 1.65 million gained from repricing and cancelling stock options take into account the time value of money from when the options were initially granted and/or exercised to the present? How would the time value of money be taken into account given that the re-priced options might not result in cash to the company for many years?

- Please provide a list detailing all of the options, and the relevant exercise prices, granted to Levy Gerzberg, Karl Schneider, and Arthur Stabenow that have yet to be exercised. The list should be broken down by each individual defendant.
- At the hearing on the motion for preliminary approval, plaintiffs' counsel argued that repricing and cancelling stock options was a proper result, as opposed to cash compensation, because of its purported symmetrical nature to the alleged harm, *i.e.*, backdating. Had none of the options at issue in this action been exercised this argument may have merit because it simply would have been a non-cash expenditure at the time granted. The 1.65 million alleged to be backdated, however, comprises stock option grants that *have* actually been exercised by the individual defendants. Counsel should explain how the past cash shortfall of 1.65 million in the form of the exercised options is symmetrical to the non-cash credit the company would receive if the options were repriced or cancelled.
- Please provide Black-Scholes analysis for all the options being repriced or cancelled using the stock price on February 26, 2008, the date of the actual stipulation by the parties (as well as the other dates earlier requested).

The parties are requested to seek no extension to the date of **MARCH 17, 2008 AT NOON**, for their submissions.

**IT IS SO ORDERED.**

Dated: March 5, 2008.



\_\_\_\_\_  
WILLIAM ALSUP  
UNITED STATES DISTRICT JUDGE